This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS COLOMBO 000751

SIPDIS

SENSITIVE

FOR L/CID/GLEHNER AND EB/IFD/OIA/NEFIRD

E.O. 12958: N/A
TAGS: KIDE EINV CE ECONOMICS
SUBJECT: 2003 REPORT ON INVESTMENT DISPUTES: SRI LANKA

REF: STATE 83098

Sensitive but unclassified, please handle accordingly.

(SBU) Format for this report follows requirements in reftel.

a) Claimant A

b) 1999

c) Claimant A has a 23 percent stake in a private
Sri Lankan telecommunications company. In 1994
the Government of Sri Lanka (GSL) granted this
company a license to provide certain internet
services. Claimant A and its Sri Lankan partners
began offering the service in early 1999,
competing with Sri Lanka Telecom (SLT), the
national telecom company (GSL's holding in SLT was
recently reduced from 62 to 45.4 percent).
Claimant A's service resulted in a significant
loss of income for SLT, which began taking actions
to block Claimant A's service. These actions
included bringing a local court case against
Claimant A. Both parties have agreed to drop this
case.

A new Telecom Regulator was appointed in 2002, and
he has provided much support to Claimant A.
Despite this support, including a directive to
provide the appropriate circuits to Claimant A,
SLT continues to obstruct Claimant A's ability to
provide its licensed services. The government's
policies, reflected in the Telecom Regulator's
decisions, recognize Claimant A's rights.
Internet equipment held in customs since 2000 has
been released. Payments made by SLT to companies
to block connections for Claimant A have ceased.
The situation for Claimant A with regard to
government relations has greatly improved.
Current problems of Claimant A result primarily
from the government's non-enforcement of its own
directives. Claimant A estimated revenue losses
at $12 million and equipment losses at $900,000
last year. Due to ongoing problems, Claimant A
states that 60-70% of its business is non-
operational.

Claimant A: Lanka Internet

WILLS